

The process for beginning then next fiscal year budget is underway. It was my opportunity to present my recommendations to the City Council on March 30, 2010. I would like to share a few of my proposals with you, as well.

When I think of the role and responsibility of a city, I usually think about the many services we provide to our residents. As I consider the infrastructure and services we are responsible for, my thoughts go to the employees of our City who make these things happen. With an uncertain economy, many have expressed concern about the new fiscal year, so I have taken the opportunity to share my budget proposals with them. The employees are key to the success of our City and their work helps us all look good, as well as keep our residents happy and glad to live in Murray.

To understand what is happening with the City budget, we need to go back to about October 2008. That is when our budget showed signs of being under-funded and we began to carve back expenditures. Cuts were made that got us to the new fiscal year we are currently in, 2009 - 10. In planning the budget for this current year, our projected revenues are over a million dollars lower than we anticipated. This million dollar shortfall came even after we had projected a 10% reduction in sales tax and a 33% reduction in interest income. Our sales tax is projected to be \$10.5 million this year compared to \$14 million in 2007. Keeping our funding levels the same as last year's will require almost \$3 million dollars. That is the challenge we are currently facing as the budget is prepared for 2010-11.

My recommendations include continuing the hiring freeze and not replacing six vacant positions, saving \$330,000. Department heads have significantly reduced their budgets by almost \$1.3 million. This is in addition to the substantial cuts they made last year.

Our Water Department will purchase property from the General Fund for \$500,000 to create a water-use demonstration garden. This department has the reserves to make this purchase to allow us to teach about using water responsibly. I am also recommending that we use \$1 million from sales tax revenue bond proceeds to reimburse the City for past purchases, as is consistent with the Parameters Resolution.

This year I am proposing that we use our Class C road funds to do maintenance work that our own employees can do. This includes grinding, crack sealing, and asphalt overlays that can add life to roads. Holding two road projects on Sanford and Haven Crest in the current fiscal year will save \$300,000.

This gives us the money we need to fill the \$3 million dollar hole and take care of the basic necessities for running the City.

Now, what does the future hold?

I would like to spend this year reviewing and implementing the following, as the Council agrees:

1. Continue to be aggressive with economic development
2. Review our fee structure
3. Work to develop a Capital Improvement Plan for the City

4. Plan to work through the year on our internal policies and budget issues
5. Review mid-year opportunities for addressing certain budget cuts
6. Consider an increase to property taxes for future years

I am optimistic that the future of the City is bright. These economic times will not change overnight, but I believe we have the tools we need to weather the storm. I appreciate your support as we move forward in this process.